

**CITY OF NORTH BEND**  
**King County, Washington**  
**January 1, 1993 Through December 31, 1993**

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**Schedule Of Findings**

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1. Annual Financial Report Should Be Prepared And Submitted In A Timely Manner As Prescribed By Statute

The City of North Bend did not prepare and submit the required annual financial reports in a timely manner. The annual report for 1993 was not submitted until October 1994.

RCW 43.09.230 states in part:

The state auditor shall require from every taxing district and other political subdivisions financial reports covering the full period of each fiscal year, in accordance with the forms and methods prescribed by the state auditor, which shall be uniform for all accounts of the same class.

Such reports shall be prepared, certified, and filed with the (state auditor) within one hundred fifty days after the close of each fiscal year.

RCW 43.09.200 states in part:

The state auditor . . . shall . . . prescribe . . . a system of accounting and reporting, which shall be uniform for every public institution . . .

The *Budgeting, Accounting and Reporting System* (BARS) manual as promulgated by the State Auditor under authority of RCW 43.09.230, states that annual reports are to be certified and filed with the Division of Municipal Corporations not later than May 30 of each year for the preceding year ended December 31.

When the financial records of the city are not prepared in the manner prescribed by law, the state legislature, city officials, the general public, city bondholders, and other interested parties are denied the financial information needed to make informed decisions and to ensure the accountability of city management.

The late preparation and submission of the city's 1993 annual report resulted from new staff being assigned this responsibility together with a higher priority being placed on other city projects.

We recommend city officials take appropriate action to ensure that all required financial reports are prepared and submitted in a timely manner, as prescribed by law.

2. City Officials Should Comply With State Bid Laws

In 1993, the City of North Bend entered into two lease-purchase agreements: a dump truck in the amount of \$42,255 and three pickup trucks in the amount of \$45,336.88.

The city did not formally bid either contract as required by RCW 35.23.352.

Noncharter code cities are governed by RCW 35A.40.200 for general laws relating to public works and contracts. RCW 35A.40.200 refers to RCW 35.23.352 for the purchase of equipment for second class cities.

The purchase of the dump truck and the three pickup trucks are each subject to the formal bid procedures in RCW 35.23.352, which states in part:

(6) Any purchase of supplies, material, or equipment, except for public work or improvement, where the cost thereof exceeds seven thousand five hundred dollars shall be made upon call for bids.

The violations of the bid requirements appear to have occurred due to the turnover in city staff and the absence of adequate policies and procedures to ensure compliance with state laws.

Without calling for competitive bids, city management is denying the business community the ability to bid for the contracts and cannot assure the public that they are getting the most competitive price. Without established policies and procedures or proper controls over contracts, the opportunities for error and/or abuse are increased.

We recommend city management establish written controls and procedures to ensure competitive bids in accordance with state law.